

Child, Youth and Family Services Branch

NUTRITION SERVICES DIVISION MANAGEMENT BULLETIN			No. 01-413
TO:	All School Nutrition Program Sponsors County Superintendents of Schools Diocesan Superintendents of Schools	ISSUE DATE: December 2001	
ATTENTION:	Food Services Directors		
SUBJECT:	Single Inventory System to Accommodate Commercial Labels on United States Department of Agriculture Commodity Foods		

This management bulletin is to inform you of a change in United States Department of Agriculture (USDA) commodity food labeling. The USDA is now allowing vendors to use commercial labels in place of commodity labels.

Some vendors are already using commercial labels and more vendors will begin commercial labeling during the 2001-02 School Year (SY). By the 2002-03 SY all vendors will have the option of using commercial labels on USDA commodities. Because the commercial labeling system is voluntary, recipient agencies (RAs) may receive commodities with commercial, as well as USDA labels. The quality and specifications for products have not changed, just the labeling option.

The lack of a distinct USDA identifier may make separate inventorying of USDA commodities and purchased foods difficult for RAs. To address this concern, USDA has granted waivers on the following federal regulations, in order to allow RAs to implement a single inventory system:

- 7 CFR Part 250.14(e) which requires RAs to take an annual physical inventory of USDA commodity foods.
- 7 CFR Part 250.16(a)(2) which requires RAs to maintain an accurate and complete inventory of USDA commodity foods.

Effective January 2002, the CDE will allow RAs to implement the single inventory record-keeping system. This change in operations necessitates the revision of some CDE policies and procedures for accounting and reporting the value of commodity-donated foods received under the National School Lunch Program.

Inventories

With commercial labeling, commodities will lose their identity. Commodities become part of an agency's inventory at the time they are received, like any other purchased product. Although no longer required to keep commodity and commercial products separate in the inventory, an agency may choose to maintain a separate inventory of USDA commodities.

The pack date will not be printed on commodities with commercial labels. Commodity products will be marked with the same can codes and establishment numbers used in commercial products. To aid you in later identifying the product as commodity and its approximate age, it may be helpful to mark the commodity with a letter "C" and the date received (i.e. C-102401). Agencies should utilize stock on a first-in-first-out basis and stock levels should not exceed six months usage.

Since annual reconciliation of commodity inventories will not be required, Management Bulletin 89-200 is no longer effective. However, CDE recommends that agencies maintain a perpetual inventory and continue to conduct periodic physical inventories to maintain good inventory management and control practices.

Commodity Value

Each RA has the option of separately accounting for and reporting purchased food and USDA commodity inventory value, or combining them into a single inventory. However, good inventory management and control practices must be maintained. The method used by each RA to establish the value for all inventoried

items must remain consistent for the fiscal year.

Since RAs are no longer required to keep a separate inventory of USDA commodity foods for audit purposes, the commodity value must be recorded at the comparable purchased food price. In the event the purchase price is not available, the following USDA value must be used for:

- Commodities to be processed - the most current (updated annually on November 15th) USDA processor commodity file value should be used.
- Agencies receiving non-processed commodities through one of the State Distribution Centers - the most current (updated annually on April 15th) USDA commodity file value should be used.
- School districts receiving direct delivery or agencies belonging to a private cooperative - the actual fair market value for the specific delivery, or the most current (updated annually on April 15th) USDA commodity file value should be used.

You may obtain the commodity file value at www.cde.ca.gov/nsd/cdu/offering.htm, or by calling the NSD Commodity Distribution Unit, at (800) 952-5609.

Commodity Complaints

To report and/or resolve a complaint or concern regarding a commodity product, RAs should first contact the manufacturer. The can codes and establishment numbers will identify the product as having been packed for USDA or another source. If the product is determined to be a USDA commodity, call the USDA complaint hotline at (800) 446-6991. Please refer to Management Bulletin 01-411, "Revised Commodity Complaint Procedures" for further complaint instructions.

Disaster Feeding

In the event of a nationally declared disaster, entitlement credit will be available to RAs who furnish commodity foods to disaster feeding sites. The credit cannot exceed the lesser of the actual commodity food(s) supplied, or the amount of the commodity food(s) received, during the prior 12 months.

Please contact Amy Bell, R.D., Commodity Consultant, Commodity Distribution Unit, at (916) 322-5051, (800) 952-5609, or abell@cde.ca.gov if you have any questions. Cited Management Bulletins are available on NSD's website at www.cde.ca.gov/nsd/.

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